



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 033 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Monday, March 12, 2012

—
Chair

Mr. Pat Martin

Standing Committee on Government Operations and Estimates

Monday, March 12, 2012

• (1530)

[English]

The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)): I will call the meeting to order immediately. Welcome to the 33rd meeting of the Standing Committee on Government Operations and Estimates.

We're very pleased to have with us as our witness today the Minister of Public Works, Ms. Rona Ambrose, and her officials with the Department of Public Works and Government Services, who are helping us to review—after the fact, I suppose—the supplementary estimates (C).

Welcome, Minister. We're very appreciative that you're giving us your time. If you have opening comments, the floor is yours.

Hon. Rona Ambrose (Minister of Public Works and Government Services and Minister for Status of Women): Thank you, Mr. Chair.

[Translation]

Ladies and gentlemen, members of the committee, good afternoon.

As you know, Mr. Chair, I am always happy to appear before this committee to talk about our ongoing efforts at Public Works and Government Services Canada and Shared Services Canada.

[English]

Today I am pleased to address this committee on supplementary estimates (C) and main estimates for Public Works and Government Services Canada and Shared Services Canada.

I would like to introduce the officials who are here with me today. With us are the deputy minister of Public Works and Government Services Canada, François Guimont, and the president of Shared Services Canada, Liseanne Forand. Also joining us are the chief financial officer for Public Works, Alex Lakroni, and the assistant deputy minister of acquisitions branch for Public Works, Tom Ring. The director general for the program management sector and real property branch for Public Works, Stephen Twiss, is joining us as well. I thank them for making time to be here with the committee.

As you know, Mr. Chair, Public Works plays an important role in the daily operations of the Government of Canada as its principal banker, accountant, central purchasing agent, linguistic authority, and real property manager. We manage a diverse real estate portfolio that accommodates 269,000 federal employees in 1,849 locations across Canada. We contribute more than \$14 billion annually to the Canadian economy through government procurement. We prepare

the annual public accounts of Canada and manage a cash flow of more \$2 trillion a year.

[Translation]

I would like to take the opportunity to highlight our ongoing efforts at Public Works and Government Services Canada. I believe the Government of Canada, through public works, plays a key role in the economy.

[English]

Public Works and Government Services is changing the way it does business, not just by trying to reduce the paper burden but also by trying to drive innovation and investment in the Canadian economy.

[Translation]

As an agent of the Crown, we must ensure that when we buy goods and services, we do so in a manner that enhances access, competition and fairness.

[English]

We continue to work to create a better and smarter procurement system. On the job creation front, via the highly successful and much praised national shipbuilding procurement strategy, we are poised to create jobs in shipbuilding and related industries.

[Translation]

I am very proud of the innovative work to develop and implement the National Shipbuilding Procurement Strategy.

[English]

There were two key features that made the national shipbuilding strategy different. The first was the decision to use only Canadian shipyards. The second was the way we governed the process to pick the winning shipyards. Public Works created an innovative process to ensure a fair result. The teams evaluating the bids worked independently of one another, and a robust dispute avoidance and resolution process was worked out ahead of time.

[Translation]

The shipyards were selected following a fair, open and transparent process, free of political influence, with independent oversight provided by a fairness monitor and with the assistance of independent third-party subject matter experts.

[English]

When people look back at the entire national shipbuilding process, I believe they will discover how it embodies all three principles that are changing the way we do business at Public Works.

First, we engaged industry stakeholders. We held five full-day meetings with the short-listed shipyards. During these meetings we consulted on the content of the request for proposals, the terms of the umbrella agreements, the proposed schedule, and the evaluation methodology used to rank the bids the yards made.

Second, of course, we leveraged the buy by keeping the jobs here in Canada. The Canadian Association of Defence and Security Industries has estimated that government ship projects will directly and indirectly contribute over \$2 billion in annual economic benefits and 15,000 jobs over the next 30 years. In addition, we required that the winning yards develop value propositions that will contribute to continuous improvement in areas such as skills and training, infrastructure, capabilities, and long-term supply chain development.

Third, the national shipbuilding strategy launched a new framework for governing major procurements. We established a secretariat that developed a non-political approach to procurement. Bids were scored on their merits using a system of evaluation that was shaped by the shipyards themselves. The shipyards were assessed by an internationally recognized third-party expert, and the entire process was overseen by a fairness monitor.

Our Canadian innovation and commercialization program, known as CICIP or the kick-start program, is helping businesses bridge the gap between the lab and the marketplace, with 27 pre-commercial innovations pre-qualifying in its first round, and 36 in the second. As you well know, pre-commercial means these goods are tested—they are legitimate companies making innovative products that work—but they are not in mass production.

You all know what it means to a small business owner when they can say that the first order for their product was placed by the Government of Canada. It is a huge boost.

We are also committed to supporting small and medium-sized businesses via our Office of Small and Medium Enterprises, which has assisted over 140,000 individuals and suppliers, as well as 230,000 visitors to its buyandsell.gc.ca website.

On modernizing the federal workplace, our department is working to develop the workplace 2.0 standard to enable public servants to be more innovative and efficient in serving Canadians. On pay modernization, we are moving forward with the establishment of the Pay Centre of Expertise in Miramichi. It will ensure long-term sustainability of the Government of Canada's pay administration system and services, and a more effective and efficient public service. Finally, I'm pleased to note that our department was recently designated as one of the national capital region's top 100 employers. We are responsible for 55,000 procurement-related transactions worth almost \$17 billion a year.

When we turn to the main estimates, Public Works and Government Services main estimates for fiscal year 2012-2013 for next year's budget is \$2.5 billion. This is down to \$5.6 billion, a decrease of \$218 million or 8% from last year.

● (1535)

Our supplementary estimates (C) request net final tally is \$48 million, made up of \$105.5 million in new funding, and reductions of \$57.7 million. One notable item in the supplementary estimates (C) is for the real property branch for management of crown-owned office buildings.

[Translation]

The Real Property Branch manages one of the largest and most diverse real estate portfolios in Canada, including many of the country's most important landmarks, from bridges and dams to federal buildings.

[English]

We're moving forward on some exciting and key strategic initiatives, such as workplace 2.0, infrastructure assets, and leadership in energy and environmental design, also known as LEED.

Another item is for funds to undertake significant rehabilitation and maintenance projects across Canada, such as dams, bridges, and crossings. The Esquimalt Graving Dock and the Alaska Highway are two examples included in the program of work delivered by Public Works and Government Services.

Through our investments in public infrastructure we are not only creating jobs across the country, but also ensuring safe access to these structures for the public.

[Translation]

I am now pleased to speak about Shared Services Canada. For the current year, 2011–2012, there is no requirement for Supplementary Estimates (C) for Shared Services Canada, as the new organization was supported by PWGSC and other federal departments.

[English]

Turning to Shared Services Canada, for the upcoming year, 2012-13, we're looking at transferring \$1.4 billion from 43 partner departments to operate Shared Services Canada during its first fiscal year to deliver services to those federal organizations.

This concludes my opening statement. My officials and I would be pleased to answer any of your questions.

[Translation]

Thank you very much.

● (1540)

[English]

The Chair: Thank you, Minister.

I'm disappointed to learn that the bells will begin to ring at 3:53 because of yet another time allocation motion.

We're interrupted once again in our efforts to study this issue. We do appreciate your being here. We'll make the most of what little time we have, and the first round of questioning for the NDP is Mathieu Ravignat.

Mr. Mathieu Ravignat (Pontiac, NDP): Thank you, Mr. Chair, and thank you, Minister, for your presence, as well as the other witnesses here today.

I'd like to start with an issue that's particularly troubling for people in this region—cuts to the public service and its relationship to the mains. We learned that on February 22, the Public Service Commission offered courses to managers in order to learn how to better lay off their personnel. At Treasury Board, a \$13-million litigation management office was created to deal with layoffs.

Minister, I hope that you will be the first minister to tell us exactly what all of this means for the public service. On page 309 of the main estimates, there is a \$41.9 million reduction. In June, along with—I believe it was Minister Clement—you talked about 700 jobs being cut at Public Works. Could you tell us what these main estimates represent for cutting jobs in the public service, particularly in the Ottawa capital region?

Hon. Rona Ambrose: With respect to the main estimates we've tabled here today, I'm not sure if you're speculating on the upcoming budget, but the estimates wouldn't reflect what you're asking about. As for job losses from the past budget through the commitments we've made with strategic review, we have managed those through attrition or working with the employees in a way that's been very respectful.

I will turn to the deputy minister to give you some highlights. I think that the way that Public Works dealt with what can be a very difficult time for employees was a model for other government departments. We've tried very hard to place employees who were let go. Through attrition, we've been able to manage some of the job losses. We've been working with those we couldn't place to help them with job training and job placement.

I'll let François give you some more details.

Mr. François Guimont (Deputy Minister, Deputy Receiver General for Canada, Department of Public Works and Government Services): Thank you, Minister.

We are, in the main estimates, now showing the second year of our strategic review reduction, so that is the number referred to.

That number essentially equates to about 118 people, just to put things in perspective. Going back to the point of the Minister—because it's important to understand the second year against the first one—in our department we have 315 individual employees who were affected. To this point, we've been successful in finding jobs within the department for 87% of these individuals, so 270 people have now found alternate employment in the department.

It's important to remember the attrition rate in the department. It is running at about 8%. Four per cent is churn—people going to other positions in the federal public service—and another 4% are people retiring. It's a fairly substantial number. We have put in place a unit

dedicated to coaching and helping managers to find the best fit for these individuals who have been affected.

[*Translation*]

Mr. Mathieu Ravignat: Mr. Guimont, thank you for giving me these answers.

I would now like to ask another question. Madam Minister, three unfortunate files come back to haunt PWGSC regularly. They are the relocation of public servants, overbilling for renovations done on the military bases, and the exorbitant cost of acquiring assets.

Recently, senior PWGSC employees apparently received gifts and bribes from Royal LePage to obtain lucrative relocation contracts.

• (1545)

[*English*]

Mr. Mike Wallace (Burlington, CPC): I have a point of order. Is that on the estimates issue? Can you tell me what page of the estimates those—

[*Translation*]

Mr. Mathieu Ravignat: The question I want to ask you is...

[*English*]

The Chair: We have a point of order. You're challenging the relevance of the question.

Mr. Mike Wallace: That is correct, sir.

The Chair: Let me deal with the point of order, then. I'll just consult with my clerk.

I'm going to rule that you don't have a point of order. When we're dealing with the main estimates, we have quite a broad range and latitude, given the full operations of the department.

My only concern is that you're almost out of time. You have about 30 seconds for a brief answer from the officials.

[*Translation*]

Mr. Mathieu Ravignat: What will the minister do to respond to these concerns?

[*English*]

Hon. Rona Ambrose: Well, about that specific case, I believe that happened in 2002 and 2004, under a previous government. But the Auditor General made several recommendations after that particular incident, and all of those recommendations have now been implemented.

Of course, that particular contract was awarded to a different company. But also on that issue, the matter is before the court, so I wouldn't want to speculate any further.

In terms of due diligence and oversight within the department, I'll turn it over to the deputy minister to give you a quick overview, but I feel very comfortable and confident that, after the implementation of the Auditor General's recommendations, that kind of occurrence would not be able to happen again today.

The Chair: We're out of time.

To be fair to the other party, it may come up again in some other questioning.

We now have Jacques Gourde, for the Conservatives.

[*Translation*]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you, Mr. Chair.

Madam Minister, thank you for being here. We know always have a very busy schedule. I'd also like to thank the other witnesses for being here.

Madam Minister, could you please give us the details relating to the new funding requests, totaling \$105.5 million, in the Supplementary Estimates (C) from PWGSC?

[*English*]

Hon. Rona Ambrose: I would be happy to do that.

We have funding for increases, of course, in non-discretionary expenses which is fit up, maintenance, and temporary accommodation associated with crown-owned buildings and leased space. This is needed to address increases in non-discretionary expenses related to Public Works' accommodation programs for public servants.

Public Works has price protection for increases to utility costs and rental costs of crown-owned and leased office accommodation. Of course, price protection agreements have been in place now since 1991.

Funding is required for the estimated cost of additional office accommodation provided to government departments and agencies. This money is to provide office accommodation to other government departments and agencies. The funds are made available to Public Works once a new program is approved, or an existing program's funding is extended for other government departments. These funds are from departments and agencies that have received approval between July 2011 and November 2, 2011 to increase their staffing levels, or extend existing programs and the associated staff.

Funding for accommodation costs related to pension administration, in particular, will pay for the accommodation of employees who administer the pension funds. As you know, Public Works is the functional authority in terms of administration of the public service pension plan. Only those costs directly attributable to the provision of pension services may be charged to the pension funds. There are approximately 650 employees within Public Works and Government Services providing pension administration services. As of November 2011, all pension service delivery has been centralized in the Public Service Pension Centre in Shediac, thus ensuring that active plan members have access to consistent, knowledgeable pension information, and subject matter experts.

Finally, funding is also required to repair and rehabilitate major infrastructures such as dams and bridges, and this is referring to the \$20 million for the engineering assets. These funds are to be used for a comprehensive program of repairs, rehabilitation, and replacement of components of the 20 major engineering assets, as well as 68 wharves and marine assets that we own across Canada.

• (1550)

The Chair: Monsieur Gourde, go ahead.

[*Translation*]

Mr. Jacques Gourde: Could you tell us a little more about the reduction in PWGSC's net budget?

[*English*]

Hon. Rona Ambrose: Mr. Chair, I thank you for the question.

Public Works and Government Services' net appropriation will decline by \$218 million or approximately 8%. This decrease is primarily related to the following reductions. The first reduction is the \$113.4 million transfer to Shared Services Canada. As you know on August 4, 2011, an order in council created the Shared Services Canada department and transferred the services from Public Works to Shared Services Canada. The creation of Shared Services Canada resulted in the transfer of full-time employees, the associated budgets, and the above services from Public Works to Shared Services Canada.

There's also a \$75.2 million reduction from the long-term vision plan. More funds were not called in main estimates because project requirements were not fully known at that time, and thus the decision was made to defer the request for funds from main estimates to supplementary estimates. The deferral will allow us to better align the timing of new funding with the actual expenditures, and it supports sound cash management strategy.

I would also like to point out that all major capital projects, including the major rehabilitation of the West Block and 180 Wellington, are tracking on or ahead of schedule, and on or under budget. We also see a decrease of \$41.9 million from Public Works' contribution towards the budget 2011 strategic review exercise announced by the President of the Treasury Board on May 3, 2010. Public Works' contribution to the strategic review also ensured alignment with federal responsibilities.

The Chair: That's exactly five minutes, Jacques, so I'm afraid your time is concluded.

Denis Blanchette, if you would like to go as far as we can, I'm afraid you're probably going to get interrupted.

[*Translation*]

Mr. Denis Blanchette (Louis-Hébert, NDP): Thank you, Mr. Chair.

First, I would like to point out that, when my colleague was speaking about Royal LePage, he wasn't talking about 2004, but rather 2009.

I would like to come back to the announced reductions of over \$200 million. You said that this represents about 8%, except that more than half of the amount corresponds to amounts transferred to Shared Services Canada. That means that, in total, it's only a decrease of less than 4% of operations.

As for the transfer of \$113 million, was it the total budget that was transferred? If not, were there reductions and staffing cuts along the way?

[*English*]

Hon. Rona Ambrose: Thank you for the question. My deputy minister for Public Works and for Shared Services Canada would like to make a comment.

[Translation]

Mr. François Guimont: Actually, there are two answers to your question. First, with respect to Public Works and Government Services Canada, we transferred over 1,400 employees, at an expense of \$100 million, and an additional \$13 million for administrative costs, for a total of \$113 million.

As for cost recovery—because these people did cost recovery with other departments—an amount of about \$387 million represents the revenues of other departments, which will basically be collected through the Revenue Generation and Business Planning Office. So all that will represent the total amounts of money available to Shared Services Canada.

The amount from the department is \$113 million. The other amount of \$387 million is from the other departments. The amount was not reduced as part of the strategic review exercise. That was done by my colleague, later on.

Mr. Denis Blanchette: Could you please answer quickly? Because I have another question.

Ms. Liseanne Forand (President, Shared Services Canada): Thank you, Mr. Chair.

I simply want to clarify something. In fact, the amounts from the departments, whether it's public works or any other department, were transferred in full to Shared Services Canada, during the transfer, which was August 4 in the case of public works, or November 15 for the other departments.

Mr. Denis Blanchette: Thank you very much.

Madam Minister, Shared Services Canada has existed since 2011. You are currently requesting a transfer of \$1.4 billion, but we have yet to see anything from this organization.

Is it not inappropriate to say that you will work with \$1.4 billion when you have nothing to show? I know that you will perhaps tell me about the report on plans and priorities; however, your expenses are not in the Supplementary Estimates (A), but directly in the estimates.

Could you please give me an idea of your schedule for the publication of what I would call your "game plan", with respect to Shared Services Canada?

• (1555)

[English]

Hon. Rona Ambrose: I'll make one comment, and then I'll ask Liseanne to speak to that specifically.

The mandate of Shared Services Canada is stabilization and consolidation, so part of that is the budgets—consolidating the budgets from the departments and consolidating the IT sections from all of these departments into one new entity. That's part of why this funding is being transferred.

In terms of the RPP, I'll let Liseanne answer.

Ms. Liseanne Forand: Thank you, Minister.

[Translation]

Thank you for the question.

As the documents issued with the Main Estimates explain, when government responsibilities are transferred mid-year, the credits are automatically transferred. That's what happened on August 4 and November 15, 2011.

For 2011-2012, Shared Services Canada does not have credits as such, but we will as of April 1st, 2012. To explain the use of these credits, we will present a report on our plans and priorities, which will be tabled in the House at the same time as those of the other departments.

Since August 4, 2011, our main priority has been to maintain operational stability in the 43 departments. They have transferred money and employees to us, and we have continued our activities under the plans and projects in effect in those departments until the end of the 2011-2012 fiscal year.

[English]

The Chair: Denis, that concludes your time.

Thank you.

The bells are not going yet, so we'll keep going.

Kelly Block, for the Conservatives, you have five minutes.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

It always seems that I have a cold and I am sometimes struggling with my voice when I have an opportunity to ask questions of you and the department.

I want to....

[Translation]

Mr. Mathieu Ravignat: I apologize for interrupting you, Mrs. Block, but I think we have agreed as a committee that when the bell rings, it's over.

[English]

The Chair: We have 30-minute bells. If there's unanimous consent, we can finish this round.

Mr. Mike Wallace: No.

The Chair: Apparently there is no consent.

[Translation]

Mr. Mathieu Ravignat: We would agree to prolong the period for questions.

[English]

The Chair: There's interest on this side at least to conclude one round of questioning. If we finish Kelly's five minutes and let the Liberals have five minutes, at least all three parties would have had an opportunity. That would leave us still 20 minutes to get back for this vote. What's the will of the committee? Is there consent?

Mr. Mike Wallace: The answer is no, on the condition that it may be convenient today or sound like a good idea today, but trust me being here six years that once you decide to go that route, then you have to open it up always.

The Chair: That's not true. I've been here 15 years.

Mr. Mike Wallace: My view is that we follow the rules. When the bells ring, you're supposed to attend the House of Commons, and so you do not have unanimous consent.

The Chair: I'm very disappointed, because it's so rare to have a minister here.

[*Translation*]

Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP): Mr. Chair, that's exactly what I wanted to point out. It is very rare that we have the opportunity to ask the Minister or other ministers and their assistants questions. We don't have just any witness here today. It would be good to have another 10 minutes. We can make it in 20 minutes.

Mr. Mathieu Ravignat: It also seems to me that we can use our judgment when the bell rings while we're in the middle of asking questions.

[*English*]

The Chair: We can argue the issue as long as we want. If there's no consent—

Mr. Mike Wallace: Can we check with the clerk to see if it's debatable? I don't know why we're debating it. It's not debatable.

The Chair: There was no motion to adjourn made actually. We're talking about whether or not we should avail ourselves—

Mr. Mike Wallace: I think it's procedural. When the bells ring, the day's over.

Hon. John McCallum (Markham—Unionville, Lib.): My suggestion was that perhaps since the officials have budgeted two hours, they could come back after we vote, and we could continue with them.

• (1600)

The Chair: That's the second question we have to ask. Is there a willingness of the committee to come back after the vote? They're half-hour bells. We won't be voting until 4:30. If it takes 15 minutes to vote, we can be back here by ten to five.

Mr. Mike Wallace: I'm fine with coming back for the officials.

Hon. John McCallum: Then we'd have 40 minutes.

The Chair: I don't suppose the minister is available to come back.

Let's adjourn the committee now, and we will reconvene as soon as possible after the vote, at approximately 5:45.

I will suspend the meeting for that period of time with our thanks to the minister for her presentation today. We appreciate it very much.

• (1600)

_____ (Pause) _____

• (1650)

The Chair: Good afternoon, ladies and gentlemen. Welcome to the resumption of our 33rd meeting of the Standing Committee on Government Operations and Estimates. We will continue with the examination of the supplementary estimates (C) 2011-2012.

We're pleased to have with us as witnesses various officials from the Department of Public Works and Government Services, including the assistant deputy minister, Mr. Ring; François Guimont, the deputy minister; Alex Lakroni, the chief financial officer; and

Mr. Stephen Twiss, the director general of the program management sector, real property branch.

Am I missing anyone?

A voice: Yes, Gina Rallis.

The Chair: I'm sorry, I don't have my glasses on. I can't see that far away.

Ms. Gina Rallis, senior assistant deputy minister and chief financial officer of corporate services. Excellent.

Liseanne Forand, welcome.

I'll stop doing this because we're just burning up time. Why don't we go back to the questioning.

When we adjourned, Kelly Block still had 21 seconds left to conclude.

A voice: No, actually, she took only 21 seconds.

The Chair: She took only 21 seconds. Okay, that's right.

Mr. Mike Wallace: Man, you're tough on us with 21-second questions.

The Chair: You have four and a half minutes left, Kelly, a luxury of time.

Kelly, you have the floor. Welcome.

Mrs. Kelly Block: Thank you, Mr. Chair.

I want to join my colleagues in welcoming you all here today. I did appreciate the minister's opening remarks.

From the short time that I've been on the government operations and estimates committee and learned about the work of this department, I think you are to be commended on a number of fronts. Whether it's the process used in the staffing reductions and Shared Services Canada, the national shipbuilding procurement strategy, or being named one of the top 100 employers, I think you are doing very commendable work.

I had the opportunity to tour some of the renovations that are taking place on the parliamentary precinct. I noted that in the public works main estimates there is a reduction of \$75.2 million for the long-term vision and plan for the necessary renovation and rehabilitation of the parliamentary precinct. I believe the minister alluded to it being on budget and on time, but I would like to give you an opportunity to give us a little bit more detail around that.

Before you do that, I just want to say that I think every member of Parliament needs to go on this tour to see what is actually happening in those buildings.

Thank you.

• (1655)

Mr. François Guimont: Thank you for the question.

A couple of points, Mr. Chairman, if I can, for the committee to start with. We are right now in a five-year block of funding for the LTVP, the long-term vision for the precinct. Mr. Chairman, you're very familiar with the West Block. A lot of our effort is going into dealing with the West Block. It's easily said like that, but before we could really sink our teeth into the West Block, we had to empty it, which then spoke to La Promenade building. So we had resources, more than \$120 million...I'm looking for some support here...but, anyway—

Voices: Oh, oh.

Mr. François Guimont: I hope someone is nodding in the back.

For the La Promenade building, you know that a number of parliamentarians are in that building. I feel that we did very well there. That was delivered on time, and—if I remember well—it was below budget, or on budget. I'll just stick with that, that's good enough. So that was a big focal point.

You see what we're doing now with the Wellington Building. It's the same principle, renovations. These are older buildings. You have heard about the John A. Macdonald building—the former Bank of Montreal—which will now become Room 200, which you used to be familiar with in the context of the West Block. The West Block is the big chunk. It's now empty, we're working on it, and it's going well.

We are funded—\$500 million plus—for doing these initiatives. This year as well, we've undertaken a body of work with respect to the East Block, which will be our next priority. Obviously, a lot of this work implies movement and staggering of actions, which kind of makes sense. Remember, when we started to work on the West Block, we started to do the tower for stabilization, then we emptied the West Block, then we were inside the West Block, etc. That's the way we operate.

Colleagues and members of the committee, you have probably heard the story about the kitchen that had to be relocated. The kitchen in the West Block had to be relocated, and we've done that. If I remember, we were below budget by about 10%, and we were on time. So we were \$5.5 million under budget against a project that was quite substantial in nature. The food facility was budgeted for \$33 million, and we executed it for \$28 million. The Wellington building is budgeted at \$23 million, so we're moving ahead with that.

La Promenade, which I mentioned, was on time and on budget at \$81.5 million. This room here, this building, which used to be the photography gallery, has also been renovated. We saw this as an opportunity to have more committee rooms, which were not sufficient in La Promenade building. This was done on budget and on time. I would say that we have a rhythm at LTVP in general right now. We've refined our planning, and we've been delivering these projects—and again I repeat myself—on budget and on time.

There will be surprises because these are older buildings. Mr. Chairman, you're very familiar with this. I remember walking through the West Block with the previous chair and some members of the committee when stones were being removed to allow stabilization for seismic work. They were surprised to see that these stones were numbered, cleaned up, and then put back in order after the stabilization work. So it is tedious work, which is expensive, but

as the OAG noted in her report, it's probably worthwhile and expected by Canadians.

The Chair: You're actually over time, Kelly, but thank you very much.

Now we go to John McCallum with the Liberals for five minutes.

● (1700)

Hon. John McCallum: Thank you, Mr. Chair, and thank you all for being here.

Like Kelly, I do think you've done a good job in some areas, notably shipbuilding contracts, but I'm not going to ask you about that.

Voices: Oh, oh .

Hon. John McCallum: I want to ask you about Defence Construction Canada, and I understand there have been some allegations of wrongdoing, incompetence, the suggestion of some military people moving over there and after giving them business, and allegations of this nature. I just wonder, what is the status of that situation now?

Mr. François Guimont: Thank you for the question. I appreciate it.

As a first step, we tried to get our hands on the report. The only thing we got at the time, which was some weeks ago when the story broke, was essentially—and I use the words loosely here—an executive summary, which we did get hold of. At that time, we decided to forward this to the OAG.

Now, why is that? The OAG, as we speak, is carrying out an audit of DCC, Defence Construction Canada. We felt that it might be a good idea for them to factor this line of inquiry into their audit. It kind of made sense from where we were. So that's the first step.

The second step was that, I think last week, we received—and I just thumbed through it—the actual report per se. It was not the executive summary, but the report with the details by the consultant, the various bases that have been visited, and the type of activities that are documented in there, and we have sent that to the OAG as well.

The OAG has given us the signal that it may be beyond the scope of their audit for reasons of time. I'm waiting for that answer to be given to me formally in writing. Should that be the case, we will carry out a review within the department, through the oversight branch, in cooperation with National Defence.

Clearly it is our crown, but the crown, as you know, works very closely with DND. Should the OAG formally decide to not look into this, we will take steps to investigate the allegations that have been made in the report, which we now have in our hands.

Hon. John McCallum: Thank you very much.

My next question has to do with Shared Services Canada, and the \$67.5 million capital vote.

We heard from a number of witnesses that, in order to achieve savings, you first have to make investments. So my question is whether all or some of that \$67.5 million is for investments you need to make before you achieve the savings.

Ms. Liseanne Forand: Thank you for the question.

Perhaps I'll talk, first of all, about the \$67 million in capital.

As I mentioned in my earlier answer, the way the estimates have been put together, the funds have been assembled for Shared Services Canada through transfers from the 43 departments. So that \$67 million in fact represents the capital budgeted in the 43 departments. We haven't made plans yet with respect to that \$67 million in capital funding. It is being transferred to us. It's what they had on their books as their capital funding.

As you can appreciate, given the transfer of the 42 departments and their staff, their funding, their FTEs, their assets, and their licences, we're still very much in a period of data validation—of finding out what we've inherited, what the \$67 million covers, what assets we have, and what shape are they in.

We believe that through the course of this coming fiscal year, we'll have a better sense, first of all, of where that \$67 million will be invested, and whether it will be sufficient, in terms of what we've inherited.

Hon. John McCallum: Okay. Perhaps I could rephrase my question a little bit.

Do you agree that before you achieve savings, you have to make investments, so that the net savings will take some years to achieve?

Ms. Liseanne Forand: I believe, Mr. Chair, we've mentioned that before in this committee. We do appreciate very much that we have inherited the operational funds and the capital funds from departments for the existing services, and we need to find savings within those services in order to build an investment fund for ourselves. We fully expect to do that over the next few years.

We fully believe we will be able to deliver more secure, more reliable services in a more cost-effective way, and we'll be looking for savings in our consolidation efforts. We'll save money by consolidating in the front end, and then, as we proceed with our transformation and change to the three areas, we'll be able to find additional savings then.

• (1705)

Hon. John McCallum: Thank you.

I'd just like to read a few questions. I think I'm running out of time.

The Chair: You're well over time, actually, John.

I'm afraid you'll have to wait for the next round, if it comes.

Mike Wallace, you have five minutes.

Mr. Mike Wallace: Thank you, Mr. Chair.

I thank you for your patience in waiting for us to get back. I do have some questions.

I'm going to ask you questions mainly about the year end, since the supplementary estimates (C) are in front of us.

I'm looking at the 2011-2012 Report on Plans and Priorities. You'll remember that document from last year. One is coming up for this year. I'm going to ask you a general question first, then I'll ask you some specifics.

You have here in the "Departmental Overview", a strategic outcome of "High-quality, central programs and services...sound stewardship", and as a performance indicator, "Percentage of programs and services that meet their expected results, including service levels and published standards." Your target was 95%, to be done by 15 days from now, or whatever it is, by March 31.

Where are we as a department, in terms of meeting that goal of 95%? And how do you actually evaluate that?

Mr. François Guimont: Thank you, Mr. Chairman.

The simple answer to the question is that on the issue of the pay transactions, the 95% mentioned has to be processed within an established timeframe, and right now, we are able to report that we're at 95.7%.

Mr. Mike Wallace: Who audits that to make sure you're telling the truth and not making it up yourself?

Mr. François Guimont: Oh. I understand your question.

We have a committee that I chair with the associate deputy minister. On a quarterly basis, we sit down and we review the report card. Assistant deputy ministers—and the one responsible for that measure is here today—have to report to it.

Mr. Mike Wallace: Do you report it to yourselves, or do you report it to another department?

Mr. François Guimont: We report to ourselves in the sense that it's a report card with measures that we have established as being meaningful measures in the department, and the assistant deputy minister is responsible for reporting this data to the table.

Mr. Mike Wallace: Thank you for that.

Mr. François Guimont: By the way, if I may, Mr. Chair, I think this is important. This information is shared with my audit committee that I chair, with three external members.

Mr. Mike Wallace: Okay. There are some outside eyes that do look at it then. Thank you.

Under "Analysis of Program Activities"—I'll just pick a few because I have questions on a number on them, but I don't have much time. Under "Accommodation and Real Property Assets Management: Financial and Human Resources", you had a planned net expenditure of \$1.9 billion for this year.

Would you say you met that? That was in your plans and priorities. My difficulty is that I can't add this up without doing it. It says 1.9....

M. François Guimont: Yes.

This is where the CFO comes in handy. If I may, Mr. Chair.

Mr. Mike Wallace: That's why we like staff over ministers.

Mr. Alex Lakroni (Chief Financial Officer, Finance Branch, Department of Public Works and Government Services): The question is whether the \$1.9 billion is spent?

Mr. Mike Wallace: Yes. Are we at that?

Mr. Alex Lakroni: Yes.

Mr. Mike Wallace: Okay. In your planning for next year, you have it down to \$1.7 billion. That's rounding up, so there's a few hundred million dollars not in there, but the FTEs actually go up. Why is that? Why does spending go down and FTEs go up?

Mr. Alex Lakroni: Because the way we deliver the programs—and the real property representative is here and can elaborate—is that we choose the right mix. As the deputy mentioned, we are project-driven. For each project, we choose the right mix of resources. Some projects require hiring staff or using staff; other projects require outsourcing, etc. Other projects require professional services. So it's not a linear correlation between the spending and the number of FTEs.

Mr. Mike Wallace: For us, we wouldn't be able to follow the bouncing ball, where if numbers change, the FTEs could go up or down. It doesn't matter.

Mr. Alex Lakroni: Correct.

Mr. Mike Wallace: On the transformation to the pay and administration, my understanding then is, if I've got this right, that all pay is going to come out of your department for the public service. Is that correct? I don't understand what is happening there.

Mr. François Guimont: Yes, it will. The intent is twofold. Right now, it is administered throughout, so we would centralize that to the tune of about 550 people in Miramichi, which will now become the centre of expertise, and pay will be administered for the federal public service through that centre in Miramichi.

• (1710)

Mr. Mike Wallace: Are people from different departments being transferred to Miramichi, if they choose to go?

Mr. François Guimont: It is. If they want, yes.

As a matter of fact, Mr. Chairman, I was asking the assistant deputy minister earlier on, and out of the first wave.... We're going to do that through waves. We won't just hire 500 people. There will be three waves of about—I think the first one is about 130-odd individual employees. If my memory serves me, 40 individuals right now have put their hands up, saying they're interested in being considered for a position in Miramichi.

Mr. Mike Wallace: Where are we in the timeframe on that project?

Mr. François Guimont: This is the beginning of the project.

Mr. Mike Wallace: When do you hope to finish?

Mr. François Guimont: It's going to be a seven-year project.

Mr. Mike Wallace: Seven years to make that happen?

Mrs. Renée Jolicoeur (Assistant Deputy Minister, Accounting, Banking and Compensation Branch, Department of Public Works and Government Services): It will be completed by 2015-2016.

The Chair: Thank you, Mike.

That concludes our first round. I'm going to indulge myself with one question regarding the West Block.

If we're so tight for money, why the \$1-billion skylights? Why don't we just build a roof? What we understand is that the skylight over the courtyard is now going to have to have some new curtains so you can televise in there, because the natural light won't accommodate the chamber being televised.

Why don't we just scrap the skylights, save a couple of hundred million dollars, and put a roof over the thing?

Mr. François Guimont: Thank you, Mr. Chairman.

I understand the question has to do with the infill and the creation of the chamber as we move to the Centre Block, so I'll let the assistant deputy minister, Pierre-Marc Mongeau, answer the question.

Mr. Pierre-Marc Mongeau (Assistant Deputy Minister, Parliamentary Precinct Branch, Department of Public Works and Government Services): Thank you for your question. We had a quick discussion on that the last time I was here.

In fact, what we're doing right now is analyzing all sorts of solutions that could be used for this roof.

[Translation]

So we need to take into account several things. First, there is the difference between the natural and artificial light we put in place, which is very important. The light will be the same at any time of day. In the evening and during the day, the light will adjust...

[English]

The Chair: Why do we need a crystal palace? We're not the czar of Russia here. We can do with a roof instead of a skylight.

[Translation]

Mr. Pierre-Marc Mongeau: With respect to the West Block, the decision on the design was not made only by people from PWGSC. All the partners discussed the matter with us. We discussed as much with representatives of the House of Commons as we did with representatives of the National Capital Commission, and we came to a consensus.

[English]

The Chair: We, as Parliament, are the ones who ultimately okay this. I don't care how many cooks were in the kitchen. Ultimately it's freaking us out that we're going to spend a billion dollars on a skylight and then have to find some way to shield the sun from coming in. I have a way to keep the sun from coming in—just put a roof on it.

[Translation]

Mr. Pierre-Marc Mongeau: It's not \$1 billion, but actually \$850 million for the whole project.

Within the project...

[English]

Mr. Mike Wallace: For the entire project.

[Translation]

Mr. Pierre-Marc Mongeau: The whole project will cost \$850 million, which includes all the masonry.

[English]

We have to redo the masonry walls.

[Translation]

The mechanical and electrical equipment needs to be reviewed, just like all the fit ups for the new offices. The roof is just one part of that.

It's almost \$45 million for the whole structure. The amount will probably be double for the entire building.

It's important to know that submissions have already been made for these projects, and the government has already approved them. It wasn't us who decided on one solution or another. We propose these solutions. We have to approach the Treasury Board. Memoranda must be made to the Cabinet. The solution that was proposed is one that we've known about for several years.

[English]

The Chair: Thank you. That's more time than I should have taken.

Alexandre.

Mr. Alexandre Boulerice: Good. My time was not cut.

[Translation]

I want to come back to the issues that were raised when the minister was still here.

There is a major contract worth about \$2 billion for relocating public servants and moving homes pretty much right across the country. National Defence is a very large part of that contract.

I would like to know when the last contract was awarded, in what year.

• (1715)

[English]

Mr. François Guimont: This is the relocation contract, Royal LePage, and its various permutations, so I'll turn to my colleague Tom Ring, who had a hand in procuring the actual relocation package.

[Translation]

Mr. Tom Ring (Assistant Deputy Minister, Acquisitions Branch, Department of Public Works and Government Services): If I recall correctly, it was in 2006-2007.

Mr. Alexandre Boulerice: How many companies submitted bids for the contract?

Mr. Tom Ring: I think there were two or three.

Mr. Alexandre Boulerice: Do you know which company was awarded the contract?

Mr. Tom Ring: The company that won the contract was Royal LePage.

Mr. Alexandre Boulerice: Thank you very much. I just wanted to check.

I would also like to ask some questions about capital expenditures. In the entire Main Estimates—and this especially affects PWGSC—the capital expenditures should decrease by about \$430 million in

2012-2013, a decrease of 6%. If you take into account the drop of \$780 million seen in 2011-2012, the authorizations requested today are 4% lower than the authorizations requested before the Economic Action Plan was created.

Generally, when costs and capital expenses are decreased, the problem is generally put off and future generations are made to pay for things that should have been done today. The infrastructures continue to deteriorate and always need to be maintained and always need to be renovated. Their life expectancy won't be longer because we cut back on maintenance; no, it will be shorter.

How do you explain these major cuts when we should be taking care of the future of our infrastructures?

Mr. François Guimont: Mr. Chair, I will give you an answer that focuses on our infrastructures, meaning our buildings.

You noted that, with the Economic Action Plan, we gave \$200 million to PWGSC on two occasions. So that's \$400 million that we've invested in our buildings. That was fairly unusual. It was additional money that was added to our resources. That's the first point.

That money was invested in two years. The first year, we invested about 96% of the money and, in the second year, about 95.7%. This is very important. We were able to be very active to ensure that the investments were used before the door—or window—closed.

I'll also say that, when it comes to annual investments, our base is about \$500 million.

[English]

Stephen, is it \$500 million per annum for capitalization?

[Translation]

This is for investments in our buildings, a little like the investments made at the time through the Economic Action Plan.

[English]

This is ongoing.

[Translation]

To my knowledge, Mr. Boulerice, this money has not been decreased. These amounts are ongoing, and we have a system in place that defines what the priorities will be and where the investments must be made in our building inventory, which is worth several billions of dollars.

Lastly, we were given specific funds for our...

[English]

engineering assets. We have 20 engineering assets.

[Translation]

We have bridges, dams and highways. We have 20 specific engineering assets. We were given amounts in the last budget for health and safety investments, as well as for studies. In the last budget, we were given additional amounts to make investments in the order of \$120 million. It's a supplementary envelope, which adds to what we have for our buildings. It's for the engineering assets.

These are the department's three asset areas.

Mr. Alexandre Boulerice: In the Main Estimates for this year, the capital expenditures, at item 6, have decreased by \$55 million for PWGSC. That's a 16% decrease, which is considerably higher than all the decreases in the government's capital expenditures.

Is it the end of the one-time investment or the end of the Economic Action Plan, because that's almost 10% more than for everyone else?

Mr. Alex Lakroni: Thank you for your question.

At first glance, the numbers are what they are, but we need to go back to the department's annual budget. What we see in the Main Estimates is just a fraction of the total annual budget. Don't forget that, from year to year, there is \$300 million to \$400 million in projects that materialize over the course of the year. We ask for funding as the requests for these projects are defined.

We expect that the requests for additional funding for capital projects will appear in the Supplementary Estimates (A), (B) and (C) for 2012-2013.

• (1720)

[English]

The Chair: Thank you, Mr. Lakroni.

That concludes your time, Alexandre.

Next, for the conservatives, we have Ron Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

I wanted to first pick up on your concerns about the renovation of West Block. Have you had a chance to tour that facility yet?

The Chair: I lived in it for many years. I'm familiar with the building.

Mr. Ron Cannan: Have you been there since the renovation?

The Chair: Yes, I was in there when there was the scandal with the stone masons.

Mr. Ron Cannan: How long ago was that?

The Chair: It was about 18 months ago. Why are you questioning me?

Mr. Ron Cannan: I think it would be worthwhile, as my colleague mentioned.

I had the same concerns about the roof and the expenditures. It's been clarified that it's going to be \$45 million to \$50 million for the roof. It's not \$1 billion, which I originally mentioned. I have concerns about \$850 million. I never saw the plan. It was approved, they said, by government. I'm not sure who it was within government, but that's the minister's responsibility, and I respect that.

I just think it would be very informative to take a first-hand look at the professional job being done there.

My question, being a fiscal conservative, is specifically about the increase in the main estimates of about \$46 million for the federal contaminated sites. I think it's prudent to spend money when you're looking after our environment and brownfield remediation, etc. Could you maybe elaborate a little bit more on the remediation and assessment activities for which funds are being requested in the main estimates?

Mr. François Guimont: Thank you for the question. These resources come out of an overall envelope of \$3.6 billion over 15 years. We are part of this, but we're not the only department. There are a number of departments that have contaminated sites. A decision was made to decrease that liability, both financial and environmental, and departments come forward every year with a plan and they're given resources based on requirements.

In this case, more directly to your question, \$33 million of the \$46 million will be invested in the Esquimalt Graving Dock for some cleanup activity that will be taking place there. There is \$10 million for various segments of the Alaska Highway. There are nine sites. There are various British Columbia sites, which I can give you specifically, if you wish—three of them across British Columbia.

There is Pointe-Shea, Havre-Aubert, *pour 340 000 \$* and some program management responsibility to make sure that it's done correctly, because this is done by the private sector. It is always the same approach, an action plan in place delivered by the private sector in terms of decontamination, and then a sign-off that the plan has been executed correctly.

That's where the resources are going.

Mr. Ron Cannan: Thank you. You're looking after the environment for all of Canada, but for a B.C. member of Parliament, obviously the nine projects are even closer to heart.

I'd like to pass the floor to my colleague, Mr. Wallace.

Thank you.

Mr. Mike Wallace: How much time does he have left?

The Chair: Two minutes and 10 seconds.

Mr. Mike Wallace: There's lots of time.

I have a very basic “follow the bouncing ball for me as a member of Parliament” piece.

I'm looking at the plans and priorities for this year. I'm looking at the year-end, and in the document, it looks as if it's at \$3.1 billion. I look at supplementary (C)s, and I see at the very end \$2.9 billion—I'm rounding it here and not adding all the other numbers. Then I look at last year, where we actually spent \$3.8 billion by the looks of things here, but that was probably economic action plan stuff.

Am I looking at the right things? I want to know this because when I see your plans and priorities come out again in May, I want to be able to look at that and see what you're forecasting. You have forecast for planned spending for the next three fiscal years here, and I realize it doesn't include the deficit reduction action plan—or whatever we're calling the thing, DRAP—which will affect these numbers, in my estimation.

Am I looking at the right numbers? I just want to make sure I can add this up to match what this is, or at least where the numbers are. Am I doing the right thing as a member of Parliament? That is my actual question.

The Chair: There are forty-five seconds remaining, if you don't mind.

Mr. Alex Lakroni: Okay, as a parliamentarian you need to look at two aspects. You look at the gross plan, gross spending for Public Works, and you look at the net. Parliament votes on the net. The net, basically, is what we spend minus the revenues.

So on the gross budget, if you look at last year, or 2011-2012 including supplementary estimates (C), Public Works will spend \$6.7 billion this fiscal year. If you compare it... That \$6.7 million is four exercises—it's main estimates, plus supplementary (A), (B), and (C). In this year's book, we are asking \$5.6 billion, so there is a difference of \$1.1 billion, and we have the explanation for that.

• (1725)

Mr. Mike Wallace: I don't get where your numbers are coming from, sir. I'm sorry. I'm looking at the end of supplementary (C), total budgetary expenditures. I'm assuming it's for the whole year, because you're adding what has been approved thus far to \$2.9 billion.

Am I not right there, on page 99?

Mr. Alex Lakroni: You are correct.

Mr. Mike Wallace: And that is your net spending, is that not correct?

Mr. Alex Lakroni: Yes, that's my net spending.

Mr. Mike Wallace: Does that match the net spending, or is this net spending in the forecast of planned spending in your report on plans and priorities? Does that match or not? Am I doing doughnuts to doughnuts, or not?

Mr. Alex Lakroni: No, these are not comparable.

Mr. Mike Wallace: Well, then how's a parliamentarian going to figure it out?

The Chair: It illustrates the whole point of our study here, doesn't it? We've kind of come full circle. They're very difficult to understand. We're also well over time.

Mr. Alex Lakroni: May I answer the question?

The Chair: Just do it briefly, please. We're well over time.

Mr. Alex Lakroni: It's a timing issue. When we do the plan, we base it on the projects that are approved based on what we know. As the year evolves, new projects get approved, new realities. Some projects materialize, others don't materialize, and then we seek supplementary estimates based on developments over the course of the year that were either not defined at the beginning of the year or unforeseen. This is why you can't compare from when we planned to the end of the year. Things happen.

Mr. François Guimont: If I may comment, Mr. Chairman, since I'm briefed on this regularly and sometimes I do as you did.

That's why the estimates adjust the mains. They're meant to be transparent to you.

Mr. Mike Wallace: We understand that.

Mr. François Guimont: So the numbers will go up and down because I have a lot of projects. That's what happens. I'm going to be given money, and then certain projects will just be over with and there will be minuses. So I'm going to get minuses and pluses.

Mr. Mike Wallace: I know my time is up, but....

Mr. François Guimont: The other thing I would say briefly, Mr. Chairman, is that my world is further compounded by the fact that we have revenue generation. This year, 57% of my budget is not fixed. As we are a service provider, it's variable as a result of demand coming from departments.

So I can give you a best estimate as to what the volume of work will be, based on the past, but it will probably not materialize. I'm a bit like a business for 60% of my budget, but that's the challenge we have, in part.

The Chair: Thank you, Deputy Minister.

We have one five-minute round left for the opposition.

Mathieu Ravignat.

[Translation]

Mr. Mathieu Ravignat: I would like to come back to the issue of the contract awarded to Royal LePage. You've confirmed that they were awarded the contract. I've read several articles that talk about bribes and the somewhat problematic involvement of certain senior public servants in events sponsored by Royal LePage.

What are you doing right now to ensure that this type of situation doesn't happen again? It's an important matter. We're talking about the appearance of a conflict of interest.

Mr. François Guimont: First, there are mechanisms outside my department, including public disclosure, and everyone can use them.

Second, our department has an ethics program that I feel is very serious. If memory serves, we had a great evaluation from the Treasury Board about...

Mr. Mathieu Ravignat: It might be serious, but it hasn't done a very good job in this case.

Mr. François Guimont: I would like to talk about the period from when I started in the department until now. It has been almost five years. Those events started before that, and in addition, they are before the courts. So that makes it even more difficult to comment.

Whatever the case may be, I would like to point out that the department has measures in place, including the ethics program, and that it has a rather unique oversight group. This group is also responsible for conducting investigations if issues come up with some contracts, for example.

Mr. Ring will be able to tell you more but, as you were able to see with our national shipbuilding procurement strategy, we have a fairness monitor. He only reviews our major procurement programs, not all of them, and he is there for every step of the process. In addition, we have third parties that do a lot of reviews.

I feel that, in our department, we have a rather comprehensive program to ensure that people act in a compliant fashion.

•(1730)

Mr. Mathieu Ravignat: I would now like to talk about the people from SNC-Lavalin, who are masters of overbilling. And I am not exaggerating. In 2010, for example, there was talk of a doorbell for \$1,000, two plants for \$2,000 and lights for \$5,266.

Does the department have safeguards against that type of foolish spending?

Mr. François Guimont: Mr. Chair, members of the committee, we have conducted studies and we have hired a third party that looked over those bills and is doing additional work. Amounts were reimbursed because they did not comply with the provisions of the contract. That has all been posted on our site. So the members of the committee can consult the reports and see the amounts that have been reimbursed. We have learned from that experience.

[English]

We are a continuous learning organization. I believe in that fundamentally.

[Translation]

We have implemented an action plan with over 30 or 40 measures. Some are specific and some are more general. Finally, we have increased resources for the overall management of contracts. So not only do we have an action plan, but we are also overseeing the management of contracts more consistently. That is the “basket of measures” that we have implemented.

Mr. Mathieu Ravignat: I would like to talk about supply contracts between Public Works Canada and small and medium businesses.

In our study on the Office of Small and Medium Enterprises, we have often heard witnesses say that it was extremely difficult to have access to supply contracts from Public Works if you were a small, medium or micro-enterprise. They also said that only large businesses get the contracts. We are obviously talking about SNC-Lavalin and Royal LePage, which are good examples.

What are you actively doing in your department to ensure there is more diversity and that small and medium enterprises are included in contracts?

Mr. François Guimont: Thank you for your question.

I am going to give you a short answer with two parts. First, I am going to mention the numbers, which are very important. In any given year, we have between 55,000 and 60,000 transactions, whose total value amounts to around \$17 billion. And 40% of that goes to small enterprises. In the United States—and correct me if I am wrong, Tom—they have a carve-out of 20 to 23%.

Mr. Tom Ring: That's right.

Mr. Mathieu Ravignat: How many employees do you need to say that it is a small or medium enterprise?

Mr. François Guimont: We use Industry Canada's definition. You need fewer than 500 employees.

Mr. Mathieu Ravignat: Yes. I am sure we all agree that, in reality, most small and medium enterprises in the country don't have 500 people.

Mr. François Guimont: I have to say that I don't have the number of businesses with 500 employees. But I think that there are quite a few businesses that are rather small in Canada. I might be wrong. We could find that information.

Mr. Mathieu Ravignat: Perhaps we should dig into that further.
[English]

The Chair: I'm sorry, you're both well over time. I'm going to have to cut it off.

I don't know what the will of the committee is. We're now getting close to shut-off time. To round it out and make it a full round of questioning, we could give the Conservatives one more and the Liberals one more, if we're interested in staying for another 10 minutes—providing our witnesses are available to stay.

Are you willing to stay for another 10 minutes, seeing as we were kind of cheated out of the opportunity for some of our rounds of questioning?

Mr. Guimont, speaking on behalf of your group...?

•(1735)

Mr. François Guimont: Absolutely. I'll gladly do so.

The Chair: How do we feel about that, members?

Mr. Mike Wallace: Perhaps we can shorten the rounds and make them three minutes each.

The Chair: You used up your three minutes with your extra questioning in the last round.

Mr. Mike Wallace: So then we go to John and we're done?

The Chair: I was only kidding.

Mr. Mike Wallace: Oh, okay.

The Chair: So let's do that—three minutes for both.

Mr. Mike Wallace: I was going to do this after the meeting, but I'd like to clarify one thing about your mains for this year.

Based on your discussion then, in your mains for this year, total budgetary expenditure is \$2.5 billion, almost \$2.6 billion, based on the mains. Then I see, in your plans and priorities, the forecast for 2011-12 is \$2.7 billion. What has happened between the mains and the plans and priorities?

Finally, in your view as a financial guy, would we be better off changing the schedule around so that the plans and priorities actually match what you're freaking asking for?

Thank you.

A voice: I'm not sure “freaking” is parliamentary....

Mr. Mike Wallace: Well, it's my lingo; there you go.

Mr. Alex Lakroni: I'll answer the question to the best of my capacity. I know the fiscal cycle inside and out, but I think the question is better directed to Treasury Board Secretariat to explain basically the cycle and the differences.

From my perspective on what happens, I consider the mains to be some kind of accounting exercise where all the approvals by the department that are known and available are submitted to Parliament for votes.

The plans and priorities include other items that come sometimes after the main estimates, items such as—

Mr. Mike Wallace: Budget items.

Mr. Alex Lakroni: —budget items, or other items that require cabinet approval. It happens sometimes. Or it could be items for which the requirements were not all defined at the time of the main estimates. A variety of things could happen between the main estimates and the plans and priorities exercise.

For me, if you're asking my opinion, I think there are some improvements to make, and not just from the cycle perspective—the cycle, as well as how the votes are presented to Parliament.

I understand you're working on some review of the estimates cycle. These issues will come up. There are pros and cons to every change you make to the cycle.

Mr. Mike Wallace: Thank you, Mr. Chairman. That's it.

The Chair: Thank you.

John, if you want, you can have three or four minutes.

Hon. John McCallum: Thank you.

I have three questions. I'd like to read them out. I'm hoping that if you don't have time to answer all of them, you can give written information back to the committee.

The first question has to do with cuts that are listed in the supplementary estimates. I'm trying to get an explanation as to what these involve.

There are five of these. There is a \$7.9 million cut to the Canadian innovation and commercialization program, and a \$14.5 million cut to the work at the new RCMP headquarters. Third, what are the engineering assets that have saved the department \$8 million? Fourth, why is the real property homelessness initiative losing \$2.5 million? If you have time, maybe you could do that one first. Finally, the data centre sustainability project is being cut by \$2 million.

That was my first question. Here's the second question: could you provide the committee with a list of the buildings that are being affected by the \$74 million for new offices and non-discretionary expenses associated with crown-owned buildings and leased space?

Finally, in an answer to my order paper question, your department indicated that they will be cutting 303 jobs this fiscal year, under the heading of “Specialized Programs and Services”, due to the strategic review. Can you provide us with a specific list of which programs or activities have been cut and by how much?

Maybe I could start with the homelessness initiative.

Mr. Alex Lakroni: Thank you for the question.

Overall, I think, for the items you referred to, most of them are what we call reprofiling as opposed to cuts. Reprofiling—as the deputy mentioned earlier, the way Public Works is a big chunk of the budget is project driven. So some projects materialize in a given fiscal year. Others don't materialize in that fiscal year and are overlapped to the next fiscal year. Then the money follows, to be aligned with the project that would be—

• (1740)

Hon. John McCallum: I understand the concept of reprofiling. You're telling me that's the case in all of these...? So there have not been cuts, but the money is going to be spent in the following year?

Mr. Alex Lakroni: We have a list of reprofilings, as listed in the estimates at page 100. If you could look, they are all listed there.

I didn't get all the elements. My apologies: I am not fast in writing, so I didn't note all your comments.

Hon. John McCallum: If I have time, I'll ask a second one: the \$7.9 million cut to Canadian innovation and commercialization program—

Mr. François Guimont: That's reprofiling.

Hon. John McCallum: The real property homelessness initiative is also reprofiling?

Mr. François Guimont: That is correct.

Hon. John McCallum: Okay. Perhaps, then—I don't think I have much time—you can answer the questions in writing.

Mr. François Guimont: We can.... We'll do it factually.

Hon. John McCallum: Thank you very much.

The Chair: That's excellent.

I think we've made very good use of our time.

Thank you very much to the witnesses.

Mr. Guimont and fellow experts, it has been helpful to us to understand better the supplementary estimates (C). We will continue in our overall study of trying to figure out the estimates generally. Maybe we'll be able to ask better questions next time you're here. Thank you.

We're going to adjourn the meeting. Thank you very much.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>